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TELEGRAM EXCISE

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DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY ____ DATE 8/7/81
PORTIONS DENIED AS INDICATED

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ACTION: Amembassy TRIPOLI

STATE

Subj: Cutbacks in Libyan Production

1. New York Times today carries story re recent Esso cutbacks (110,000 bpd effective ~~XX~~ September five) which states, inter alia, that: QUOTE (Libyan) Government said latest production curb ordered for purposes of conservation. ~~X~~ Oil industry observers here concede validity of this, but suggest it could also reflect efforts force price of crude oil higher or bring oil companies operating in Libya to more favorable attitude on Libya's effort raise oil taxes. It also suggested that crude oil prices would have to rise sufficiently to compensate for fifteen per cent drop in production END QUOTE

2. This is first time to our knowledge that industry has publicly conceded cutbacks might have technical validity in terms of conserving wasting asset. Can Embassy confirm?

3. [redacted] B4

DRAFTED BY:	DRAFTING DATE	TEL. EXT.	APPROVED BY:
AF/N:CWBray:jk	9/3/70	20529	AF/N - Mr. Blake

CLEARANCES:

E/FSE - Mr. Clark (subs)

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XXXXXXX Page 2 Amembassy TRIPOLI

[redacted]

END

EXEMPT

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